

FINANCE COMMITTEE MONTHLY MEETING  
TUESDAY, SEPTEMBER 12, 2017  
POINT BREEZE HEADQUARTERS BUILDING  
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING: Jack Basso  
Katherine Bays Armstrong (via phone)  
John Von Paris (via phone)

STAFF ATTENDING: Kerry Brandt  
Percy Dangerfield  
Joyce Diepold  
Trudy Edwards  
Christy Fisher, Esq.  
Allen Garman  
Chantelle Green  
Jaclyn Hartman  
Meshelle Howard  
Cheryl Jordan  
Cheryl Lewis-Orr  
Kimberly Millender, Esq.  
William Pines  
Deb Sharpless (via phone)  
Lora Tracy  
Dan Williams

OTHERS ATTENDING: John Magness, Canton Development Company  
Melissa Odell, Canton Development Company

At 9:01 a.m., Member Jack Basso, Chair of the Finance Committee, called the Finance Committee meeting to order.

**Approval – Meeting Minutes from August 15, 2017 Meeting**

Member Basso called for the approval of the meeting minutes of the open session held on August 15, 2017. Member Katherine Bays Armstrong made the motion to approve the minutes, Member John Von Paris seconded the motion, and the motion passed unanimously.

### **Update – Canton Development Company’s 2016 Annual Financial Statements**

Mr. John Magness, President of the Canton Development Company (Canton), briefed the Finance Committee on Canton’s Consolidated Financial Statements for the years ended December 31, 2016 and 2015.

The Canton Development Company includes the Canton Railroad and Freestate Logistics and has been owned by the MDTA since 1987. Canton Railroad, operates along 16 miles of track and provides railroad access to the Seagirt Marine Terminal. The Canton Railroad Company has served the Port of Baltimore and southeast Baltimore City industries for 95 years. It connects with Conrail and CSX Transportation, offering customers direct service to one-third of the United States.

Mr. Magness noted that there was a \$1.6 million decrease in revenues from 2015 to 2016 as a result of a decline in business for one of Canton’s customers. As a result, Canton made certain operating budget reductions to offset the revenue reduction. Ms. Melissa Odell, Canton’s controller, noted that Canton received an unmodified opinion on its financial statements and provided a detailed review of the statements.

Member Basso thanked Mr. Magness and Ms. Odell for the report and for their continued efforts to improve Canton.

### **Approval – Open Meeting Act Training Requirement**

Ms. Kimberly Millender, Esq., requested approval from the Finance Committee to designate at least one Member of the Finance Committee to receive training as required under the Open Meetings Act (OMA).

In 2013, the OMA was revised to require each public body to designate at least one person, either a member of the body or a staff person, to receive certain required training and to provide the Open Meetings Compliance Board (OMCB) with the name of the designee. MDTA has four public bodies subject to the requirements of the OMA: the MDTA Board, the Capital Committee, the Finance Committee, and the Bay Bridge Reconstruction Advisory Group. In accordance with the law, each MDTA public body designated staff persons to receive the training, and provided the names of the designees to the OMCB.

During the 2017 legislative session, the General Assembly amended the OMA and modified the training requirements and the procedures to close a meeting. Effective October 1, 2017, a public body may not hold a closed session unless it has designated at least one member to receive the required OMA training and that designated member has taken the training.

The law anticipates that the designated member(s) will be present during future open and closed sessions. If the designated member(s) is not able to be present, then the Finance Committee must

complete a new Compliance Checklist in addition to the required Closing Statement and attach both documents to its open session minutes.

In addition to the new training requirement, public bodies are no longer required to report their designees to the OMCB, but instead each body must now keep records of its designees and their completion of the training.

Member Armstrong and Member Von Paris volunteered for this mandatory training. Member Von Paris noted that he has already completed the online training and forwarded his certificate to the MDTA.

Member Basso called for a motion to designate Members Armstrong and Von Paris to receive the required OMA training under the new legislative requirements on behalf of the Finance Committee. Member Basso made the motion, and Member Armstrong seconded the motion, which was unanimously approved.

MDTA staff member Kerry Brandt excused herself from the meeting prior to the next agenda item.

#### **Update – Nice Bridge Project**

Mr. Will Pines, the MDTA's Director of Project Development, updated the Finance Committee on the Bicycle Access Accommodations options for Contract NB-0543-0000R. This item, which was reviewed by the Capital Committee on September 7, 2017, will be presented to the full MDTA Board at its next scheduled meeting.

The work to be performed under this contract includes constructing a new four lane bridge with bicycle access accommodations to replace the current Nice Bridge. Mr. Pines discussed two options for how to effectively provide bicycle access accommodations on the new Nice Bridge and reviewed the cost, travel speed, impact on and use by bicycle users and pedestrians, and operational issues with each option.

Members of the Committee noted that there was a large cost associated with the barrier-separated bicycle and pedestrian path and that relatively few users would benefit. The Members stated that additional analysis of the options for bicycle access accommodations should occur and that the full MDTA Board should discuss the issue further.

MDTA staff member Kerry Brandt returned to the meeting at the completion of this agenda item.

#### **Update – Traffic and Revenue**

Ms. Cheryl Lewis-Orr provided an update on transactions and revenue for August 2017. System-wide toll revenue for the month ending August 31, 2017, was \$63.0 million and fiscal

year-to-date revenue was \$124.5 million. When comparing fiscal year-to-date system-wide toll revenues to the Base Case revenue forecast, system-wide toll revenues exceeded the forecast by \$1.2 million, or 1.0%.

System-wide transactions for the month ending August 31, 2017, were 15.1 million and fiscal year-to-date transactions were 29.8 million. When comparing fiscal year-to-date system-wide transactions to the Base Case transaction forecast, system-wide transactions exceeded the forecast by 0.2 million, or 0.8%.

### **Update – Investment Policy Compliance Report**

Member Basso asked if there were any additional items to come before the Committee. Ms. Jaclyn Hartman called the Committee's attention to the compliance report that is included in the monthly report on investments. Ms. Hartman noted that the MDTA exceeded the allowed issuer allocations to the International Bank for Reconstruction and Development and the Inter-American Development Bank as of the July 31, 2017 measurement. A large withdrawal of cash from the investment portfolio occurred in July 2017 for debt service and for the \$100 million cash contribution to the refunding of the Series 2007 toll revenue bonds. The shrinking of the portfolio pushed the allocation for these two issuers to 10.2 percent and 10.1 percent, respectively.

The Investment Policy sets an allocation limit of 10% for each supranational issuer. Although the Investment Policy does not clearly state whether the allocation limit is at time of purchase or throughout the life of the investment, Ms. Hartman wanted the Committee to be aware of the occurrence. Positions in both investments were sold immediately after the issue was identified and all allocations are now back within their limits. Member Basso commended the MDTA for highlighting the issue and noted that corrective action had been taken immediately upon discovery.

There being no further business, the meeting of the Finance Committee adjourned at 9:38 a.m., following a motion by Member Armstrong, and seconded by Member Von Paris.